



Introducing

# Model Portfolios

*A useful tool to help you build and maintain a diversified portfolio*

## *Ready to look at an effective way to manage your retirement account?*

Model portfolios are a simple, one-decision solution designed to help you choose and achieve the right investment mix to meet your retirement goals. Each model portfolio is made up of individual funds selected from the investment options already existing in your retirement plan. These portfolios are designed for investors who prefer a simpler strategy and choose not to create their own investment mix.

You may select from three distinct model portfolios: conservative, moderate, or aggressive.

### The model portfolios offer:

#### Convenience

Once you pick a model portfolio, you don't need to actively manage your account—unless your investment objectives change.

#### Diversification

Starting with your Plan's menu of investment options, each model will contain several different funds resulting in a diversified mix of assets. This portfolio will be periodically rebalanced to maintain its diversification and investment objective.

*Turn the page to learn more about  
this portfolio management solution >>>*

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# Are the Models a good choice for you?

## *Determining your approach to investing*

If you're like most people, the hardest choice you'll face when managing your retirement account isn't how much to save, but how to invest your money. Should I own stocks or bonds or both? What about international stocks? What's the difference between growth and value styles? Which are more risky—large-cap or small-cap stocks?

Not sure what type of investor you are, or which path is right for you? This quiz can help you decide. Check either **Yes** or **No** to each of the following questions.

- 1** Do you have the time or the interest to track your investment options on a regular basis? ☐ Yes ☐ No
- 2** Do you have a basic understanding of why mutual funds and other investments increase or decrease in value, and the impact on your portfolio of changing market conditions? ☐ Yes ☐ No
- 3** Do you know how to build a diversified portfolio? ☐ Yes ☐ No
- 4** Do you know how to determine your investment objective? ☐ Yes ☐ No
- 5** Do you know what percentage to invest in an investment option based on your investment objectives? ☐ Yes ☐ No

## Understanding your results

*If you answered "No" to any of the questions, you may want to consider one of the Model Portfolios.* Why? You may not have the time or depth of investment knowledge to properly construct a diversified portfolio. To help you decide which Model Portfolio is best for you, take a few minutes to complete the short quiz on the next page. This quiz can help you determine whether you are a conservative, moderate, or aggressive investor.



## The benefits of a diversified portfolio...

A diversified portfolio tends to "cover all the bases" within the context of an appropriate allocation to stocks and bonds. By spreading out your investments, or diversifying, short term volatility is better controlled. Emotional decisions give way to a steady, long term approach. If your overall mix of stocks and bonds is wisely set and your portfolio contains a diverse mix of funds, you should have a much more comfortable and satisfying investing experience.

# Which Model is right for you?

*Lining up your tolerance for short term volatility (risk) and your time horizon is the key to a good asset allocation.*

The quiz below will help you gain a general understanding of your feelings about investing. By considering how long you have to invest and determining how much risk you can handle, you begin to create your own investment strategy for your retirement portfolio.

## 1 What is your age?

- ☐ Over 54 (1 point)
- ☐ Between 45 & 54 (2 points)
- ☐ Under 44 (3 points)

## 2 When I hear on the news that the stock market went down:

- ☐ I immediately get nervous (1 point)
- ☐ I don't let it affect me (2 points)
- ☐ I may view it as a possible opportunity (3 points)

## 3 How much of a loss in my overall portfolio over a 1 year period am I willing to tolerate in order to achieve higher returns?

- ☐ -5% (1 point)
- ☐ -10% (2 points)
- ☐ -15% (3 points)

## 4 I would feel pressure to sell a particular fund after it dropped by:

- ☐ 10% (1 point)
- ☐ 20% (2 points)
- ☐ None of the above (3 points)

Total your points and match to the investor profiles to the right. This will help give you a general feel for the type of investor you are and which model portfolio may be the best fit.



## Understanding your results

### 4-6 points: Conservative.

You're an investor who values less risk over achieving a higher return. You are willing to accept some limited down periods to get a better return, but you are generally uncomfortable when your portfolio declines in value.

### 7-10 points: Moderate.

You're an investor who can accept most of the volatility of the stock market but still wants to cushion the inevitable rough periods—and are willing to give up some return for a more comfortable experience.

### 10 or more points: Aggressive.

You're an investor who's comfortable with taking on the higher risk associated with the chance for higher returns. You're willing to accept the periodic negative returns the stock market can produce.

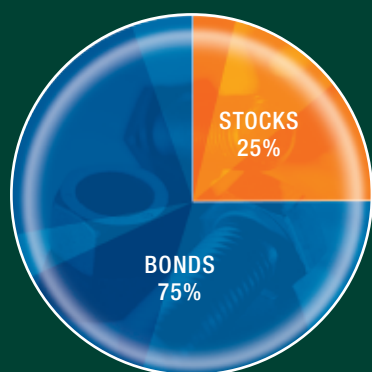
## *Make diversification and discipline prominent components of your investment strategy*

### *Model Portfolios*

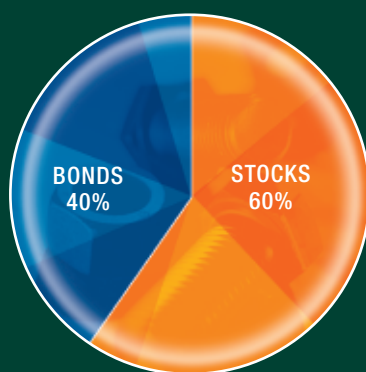
For simplicity and convenience, you may wish to choose a model portfolio. All you need to do is select which model portfolio best meets your investment objective. They are available for Conservative, Moderate, and Aggressive investors.

While the overall stock and bond target will closely track the levels indicated for each model below, diversification within the model portfolio will depend on your Plan's investment menu.

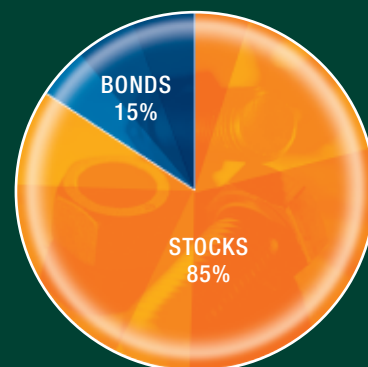
### Your Model Portfolio Choices



CONSERVATIVE



MODERATE



AGGRESSIVE

The designated investment mix in the three model portfolios above represent a targeted range for illustrative purposes only. The portfolio allocation models are not intended as financial planning or investment advice.

**You are only one step away from  
a diversified portfolio!**

*Please visit your Plan's website or request more information  
from your Human Resources Manager.*

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